

## Message Text

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ACTION NEA-09

INFO OCT-01 EUR-12 ISO-00 SAJ-01 SP-02 AID-05 EB-07 NSC-05

CIEP-01 TRSE-00 SS-15 STR-01 OMB-01 CEA-01 CIAE-00

COME-00 FRB-03 INR-07 NSAE-00 XMB-02 OPIC-03 LAB-04

SIL-01 PA-01 PRS-01 USIA-06 SAM-01 L-02 /092 W

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R 281418Z FEB 75

FM AMEMBASSY CAIRO

TO SECSTATE WASHDC 2457

INFO AMEMBASSY MOSCOW

LIMITED OFFICIAL USE CAIRO 2267

E.O. 11652: NA

TAGS: ETRD EG UR

SUBJECT: SOVIET-EGYPTIAN TRADE AGREEMENT

1. EGYPT AND USSR SIGNED 1975 PROTOCOL OF BASIC 1963 TRADE AGREEMENT ON FEB 27 IN MOSCOW, ESTABLISHING NEW LEVEL OF TRRADE BETWEEN TWO COUNTRIES AT LE 334 MILLION (650 MILLION RUBLES), AN ANNOUNCED 8 PERCENT INCREASE OVER AMOUNTS SET FOR LAST YEAR. DETAILS WERE NOT MADE AVAILABLE, BUT PRESS ARTICLES INDICATE THAT COMMODITIES COVERED ARE MAINLY AS BEFORE; EGYPTIAN COTTON AND CITRUS IN EXCHANGE FOR SOVIET INDUSTRIAL GOODS.

2. GOD'S MINISTER OF TRADE, FATHY EL MATBOULI, WHO SIGNED FOR EGYPT, IS QUOTED AS SAYING THAT, ALTHOUGH AGREEMENT IS MOST IMPORTANT TRADE PACT EVER SIGNED BETWEEN TWO COUNTRIES, CERTAIN PROBLEMS STILL REMAIN, NOTABLY THE QUESTION OF CREDITS AND EGYPTIAN-SOVIET TRADE DURING COMING FIVE YEAR PLAN (1976-80).

3. COMMENT : EGYPT'S DEPENDENCE ON BILATERAL TRADING ARRANGEMENTS WITH BLOC COUNTRIES HAS BEEN DECLINING OVER  
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RECENT YEARS, PARTLY AS RESULT OF INCREASES IN WORLD

PRICES FOR COMMODITIES EXCHANGED (MOSTLY COTTON), AND  
DESIRE TO ACQUIRE HARD CURRENCIES WHERE POSSIBLE FOR ALL  
EXPORTS. (IMF HAS ALSO BEEN URGING REDUCTION IN BILATERALISM.)  
INCREASE IN 1975 TRADE PROTOCOL OVER 1974 CAN EASILY BE  
ABSORBED BY INFLATION ALONE, AND MAY NOT INFACIT REPRESENT  
AN INCREASE IN VOLUME OF GOODS EXCHANGED.

4. IN LATE 60'S AND EARLY 70'S EGYPT HAD FAIRLY MASSIVE  
NEGATIVE CLEARING BALANCE WITH USSR , REACHING NEARLY  
LE 60 MILLION IN 1971. BY END OF 1973, A LE 2 MILLION  
SURPLUS HAD BEEN ACHIEVED, REFLECTING SHARP INCREASE IN  
WORLD COTTON PRICES. IN PRESENT CIRCUMSTANCES, WITH  
COTTON PRICES CONSIDERABLY DEPRESSED, IT IS DOUBTFUL THAT  
SURPLUS BALANCE CAN BE MAINTAINED.  
EILTS

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** TRADE BALANCE, TRADE AGREEMENTS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 28 FEB 1975  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** GolinoFR  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1975CAIRO02267  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Film Number:** D750072-0423  
**From:** CAIRO  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1975/newtext/t1975024/aaaaadau.tel  
**Line Count:** 76  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ACTION NEA  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 2  
**Previous Channel Indicators:** n/a  
**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
**Reference:** n/a  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** GolinoFR  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 16 JUN 2003  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <16 JUN 2003 by BoyleJA>; APPROVED <17 JUN 2003 by GolinoFR>  
**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
05 JUL 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** SOVIET-EGYPTIAN TRADE AGREEMENT  
**TAGS:** ETRD, EG, UR  
**To:** STATE  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006